

## Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 L-03 TRSE-00 AID-05 IGA-02 CIAE-00  
INR-07 NSAE-00 DODE-00 EB-08 OMB-01 PM-04 NSC-05  
SP-02 SS-15 COME-00 /065 R

DRAFTED BY EUR/WE:JVSMITH:MS  
APPROVED BY EUR - ROBERT E. BARBOUR  
AID/NE/NENA - MR. KNOLL  
TREASURY - M.S. FEINBERG  
L/T - A.ROVINE

-----261801Z 127414 /45  
R 260105Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY VALLETTA

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E.O. 11652: NA

TAGS: EFIN

SUBJECT: ASSISTANCE FOR PURCHASE OF EXCESS PROPERTY

REFS: VALLETTA 260; VALLETTA 199

1. UNDER AID EXCESS PROPERTY PROGRAM, MALTA MAY REQUEST AID ASSISTANCE TO ACQUIRE EXCESS PROPERTY UNDER PROGRAM FINANCED BY RECIPIENT (MALTA). COST TO GOM WOULD BE THAT OF SERVICE AND SHIPMENT CHARGES OUTLINED IN CHAPTER 6 OF AID HANDBOOK 16. IT SHOULD BE NOTED THAT ONE FACTOR IN THESE CHARGES IS ORIGINAL ACQUISITION COST OF PROPERTY.

2. POST MAY SUBMIT A REQUEST ON BEHALF OF GOM FOR AID DETERMINATION OF MALTA'S ELIGIBILITY TO ACQUIRE CERTAIN PROPERTY. THE REQUEST SHOULD INCLUDE (A) THREE COPIES  
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OF A LIST OF PROPERTY REQUIREMENTS BY FEDERAL SUPPLY GROUP, AS IN ATTACHMENT D TO HANDBOOK; (B) AN ESTIMATE OF THE TOTAL AMOUNT OF PROPERTY IN TERMS OF ORIGINAL COST; AND (C) A STATEMENT OF PLANNED END-YSE AND USERS OF THE PROPERTY.

3. PAST EXPERIENCE WITH GOM IN ACQUISITION OF EXCESS

PROPERTY HAS BEEN UNFORTUNATE. IT SHOULD BE STRESSED TO MALTESE, IF THEY WISH TO REQUEST ASSISTANCE, THAT CHARGES ARE BASED ON ORIGINAL ACQUISITION COST, I.E., PROPERTY IS NOT DEPRECIATED OVER TIME. ALSO ACQUISITION OF ITEMS REQUESTED AND APPROVED IS TO TAKE PLACE WITHIN A GIVEN PERIOD OF TIME.

4. FYI: WHILE WE BELIEVE POSSIBILITY OF MAKING EXCESS PROPERTY AVAILABLE THROUGH AID FOR MALTA TO PURCHASE SHOULD ENABLE EMBASSY TO MAINTAIN POSITIVE ATMOSPHERICS, IT SHOULD BE KEPT CLEAR THAT USG IS NOT RPT NOT ABLE TO CONSIDER FINANCIAL ASSISTANCE AT THIS TIME AND DOES NOT RPT NOT WANT TO BE DRAWN INTO DISCUSSIONS OF SUCH ASSISTANCE AT THIS EARLY STAGE OF EUROPEAN DISCUSSIONS WITH THE GOM ON THE POLITICAL AND ECONOMIC FUTURE OF MALTA. END FYI.

5. AS THE AMBASSADOR HAS POINTED OUT, WE ARE INTERESTED IN COOPERATING IN MEANINGFUL EFFORTS TO DEVELOP MALTA'S ECONOMY, AS THROUGH INVESTMENT PROMOTION. WE REMAIN OPEN TO SUGGESTIONS OF OTHER WAYS IN WHICH JOINT U.S. AND MALTESE EFFORTS MAY BE USEFUL AND WILL CONSIDER EACH PROPOSAL SEPARATELY ON ITS OWN MERITS.

6. REGARDING THE DOUBLE TAX TREATY NEGOTIATIONS, HOWEVER, TREASURY SEES NO PROSPECT FOR CHANGE IN USG POLICY ON TAX SPARING. WE WILL BE ALERT TO ANY CHANGES IN U.S. POLICY ON TAX TREATIES IN OTHER RESPECTS THAT MIGHT INTEREST GOM.

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CHRISTOPHER

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
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**Disposition Date:** 22 May 2009  
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**Drafter:** JVSMITH:MS  
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**Executive Order:** N/A  
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**Original Handling Restrictions:** n/a  
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**Review Markings:**  
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